

Servicemember Higher Education Protection Act

Sponsored by Senator Kay Hagan [NC]

The Need for Legislation

According to National Center for Education Statistics, the average cumulative amount of student loan debt for active-duty servicemembers graduating from college in 2008 was \$25,566. With over two million men and women serving in the military, ensuring access to clear information about how to successfully manage this debt is critical.

In addition to better information, we know that many of our servicemembers are not receiving the benefits that they are legally guaranteed and have earned through their sacrifices. Just last month, the Justice Department reached a settlement with Sallie Mae after the company violated the Servicemember Civil Relief Act (SCRA), which allows active duty servicemembers to receive a 6% interest rate cap on their student loans. Sallie Mae failed to make acceptable efforts to obtain proper documentation from servicemembers and mishandled the claims process, costing approximately 60,000 men and women the benefits they were due. This is unacceptable, and we need to take a hard look at what pieces of the system are not working to support our men and women in uniform.

Legislation Summary

- **Ensuring Military Families Have Better Information about student loan repayment options**
 - Requires the Department of Education to comply with current law to update a website with information about all Federal and State student financial assistance for members of the Armed Forces, veterans, and their families.
 - Directs the Secretary of Education to create a single enrollment form for servicemembers to invoke existing military-specific protections, as opposed to several different disclosure and enrollment forms.
 - Requires the Department of Education to incorporate the military and veteran status of borrowers into the National Student Loan Data System.
 - Creates a cross agency working group to ensure that Education Service Officers have the best resources, tools, and information to help servicemembers and spouses when selecting a school.
- **Better Protecting Servicemembers' SCRA Benefits**
 - The Servicemember Civil Relief Act (SCRA) generally allows borrowers to reduce the interest rate on all loans they have before they went on active duty to 6% for the entire time in uniform. This provision simplifies the process for a service member to lower the interest rate on their student loans by reducing the amount of required paperwork and bureaucratic red tape.
 - Extends SCRA interest rate protections for 1 year after active duty, thereby ensuring that at a time of chronic unemployment and underemployment, a servicemember's

student loans don't increase the day he or she takes off the uniform. This provision mirrors what is already in place for mortgages.

- Ensuring that servicemembers who consolidate their loans to take advantage of benefits such as Income Based Repayment or Public Service Loan Forgiveness do not lose their 6% interest rate cap SCRA protection. Military borrowers should not be forced to give up their protections in order to receive benefits that are widely available to all borrowers.
 - This legislation, introduced by Senator Durbin, was recently passed out of the Senate Veteran Affairs Committee.
- **Making the Student Loan System Work Better for Military Families**
 - Requires the Department of Defense (DoD), VA and Department of Education to ensure that a servicemember or veteran who has been assigned a disability rating of 100 percent automatically have their loan discharged, a protection already promised to disabled veterans, but not always delivered.
 - Requires the Department of Education to work with the IRS to ensure that student loan borrowers in a hostile fire zone receive their benefits under current law so that interest does not accrue for eligible military borrowers.
 - Creates a Military and Veteran point of contact within the office of the Student Loan Ombudsman to help make sure students know about and are receiving the protections they have earned.
- **Making Sure Military-Specific Student Loan Provisions Reflect Today's Force**
 - Establishes clear definitions of military service currently required to receive a military deferment and benefits in the student loan program. Currently, different agencies use varying and often inconsistent terms such as: "Active duty during a war," "War zone," "Military Operation," "National Emergency" or "Eligible Military Service".
 - Ensures members of the Public Health Service Corps qualify for the military student loan programs.
 - Updates the Perkins loan forgiveness program for military borrowers to better reflect the length of deployments and better align the program with other forgiveness recipients like firefighters, teachers, AmeriCorps volunteers. etc.
 - Better aligns the Public Service Loan Forgiveness (PSLF) and DoD's Student Loan Repayment Program to ensure that military service is treated similar to other forms of public service, like Americorp and Teach for America, so that servicemembers receiving student loan repayments are able to fully benefit from PSLF.
 - Creates a military spouse student loan deferment after a permanent change of station (PCS) move, which would allow up to 180 days to find a job and get settled.
- **Supporting Servicemembers and Veterans on Campus**
 - Requires schools that enroll student veterans to ensure that they are identifying veterans and serving their unique needs through the application process, admissions, orientation, disability services, and the earning and transferring of credits.